Performance Comparison of Islamic Mutual Funds with Conventional Mutual Funds

Komparasi Kinerja Reksadana Syariah dengan Reksadana Konvensional

Moch. Amin

ABSTRACT

The purpose of this study is to determine whether or not there is a difference in mutual fund performance between sharia mutual funds and conventional mutual funds from 2016 to 2018. The data used is secondary data in the form of NVA report data of 34 mutual funds consisting of 16 sharia mutual funds and 18 conventional mutual funds. The data analysis method used is the Jensen Index, Sharpe index, Treynor Index, MM Index, and TT Index methods and uses the t-test to see whether there are differences in mutual fund performance. The results of this study conclude that quantitatively there is no difference in mutual fund performance between sharia mutual funds and conventional mutual funds. Likewise, the statistical test with the t-test shows that there is no difference in performance in terms of the Jensen Index, Sharpe index, Treynor Index, MM Index, and TT Index.

Keywords: mutual fund performance, Jensen Index, Sharpe Index, Treynor Index, MM Index, TT Index

ABSTRAK

Tujuan penelitian ini adalah untuk mengetahui ada atau tidak ada perbedaan kinerja reksadana antara reksadana syariah dengan reksadana konvensional dari tahun 2016 sampai dengan 2018. Data yang dipergunakan adalah data sekunder berupa data laporan NAB 34 reksadana terdiri dari 16 reksadana syariah dan 18 reksadana konvensional. Metode analisis data yang digunakan berupa metode Jensen Index, Sharpe index, Treynor Index, MM Index, dan TT Index serta menggunakan uji t untuk melihat ada tidaknya perbedaan kinerja reksadana. Hasil penelitian ini menyimpulkan bahwa secara kuantitatif tidak terdapat perbedaan pada kinerja reksadana antara reksadana syariah dengan reksadana konvensional. Begitu juga secara uji statistik dengan uji t menunjukkan tidak ada perbedaan kinerja ditinjau dari Jensen Index, Sharpe index, Treynor Index, MM Index, dan TT Index.

Kata Kunci: *kinerja reksadana, Jensen Index, Sharpe Index, Treynor Index, MM Index, TT Index*

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1. Introduction

Investment in the form of mutual funds in Indonesia has been introduced since 1996 which includes investment in the form of fixed income funds and equity funds. With the development of the current capital market, the types of investment instruments available to be offered and traded on the exchange are increasingly varied. In essence, investment is the placement of many funds at this time in the hope of obtaining profits in the future. According to Halim (2003, p. 2)

investment is divided into 2, namely: Investment in financial assets and investment in real assets. Investments in financial assets are carried out in the money market, and others, or carried out in the capital market, for example in the form of stocks, bonds, option warrants, and others, while investments in real assets are realized in the form of purchasing productive assets, establishing factories, opening mines, opening plantations, and others.

One of the efforts to attract domestic investors to play a role in the capital market, among others, can be done by developing the mutual fund industry. According to Law Number 8 of 1995 concerning the Capital Market, mutual funds can be defined as a forum used to raise funds from the public which are then invested in portfolios by investment managers.

Referring to the above understanding that this mutual fund was established with the aim of collecting funds from investors. Furthermore, the collected funds will be managed by the investment manager (fund manager) through various available investment instruments such as shares, bonds, foreign exchange or deposits and other securities.

Currently, in Indonesia, there is a lot of discussion about one of the capital market investment products that are considered ideal by investors (domestic), considering the level of profit offered is quite high. The investment product is called a mutual fund, as a container of public funds invested in stocks, bonds, time deposits, and other forms of securities in the form of a portfolio that has the same investment objective, allocated by the Investment Manager as a mutual fund institution. under the supervision of Bapepam, and the funds are deposited in the Custodian Bank (Suta, 2000).

The investment manager's ability to profit from the management of investors' funds depends on the investment policies implemented. The investment policy or target applied by an investment manager to a type of mutual fund can be seen from its investment portfolio. The formation of an efficient portfolio is expected to produce a maximum rate of return. The success of the investment manager will be seen through investment performance which is reflected in the rate of return that can be given to investors. One of the main indicators to assess the performance of a mutual fund is the value of Net Assets (NAV). This indicator is the result of the sum of the value of investment and cash held (uninvested), less costs and debts from operational activities.

Mutual funds, both conventional and sharia, will attract investors if the mutual funds can generate a higher rate of return than other investment returns. This will be seen from the performance that will be generated.

Based on the background that has been described, the problem can be formulated as follows: "How does the performance of Islamic mutual funds compare with the performance of conventional mutual funds (viewed from the return and risk, Sharpe Index, Treynor Index, The Modligiani and Modligiani Index, The Treynor and Treynor Index, Jensen's Alpha, and Market Timing and Security Selection Ability).

The purpose of this study is to find out and conduct empirical testing on the comparison of returns and risks of Islamic mutual funds and conventional mutual funds; knowing and conducting empirical testing on the comparison of premium risk levels, market risk and evaluating the performance of Islamic mutual funds and conventional mutual funds; knowing and conducting empirical testing on the comparison of the level of systematic risk of Islamic

mutual funds and conventional mutual funds; knowing and conducting empirical testing of the performance of investment managers.

2. Literature Review and Hypothesis Development

2.1 Capital Market

2.1.1 Definition of Capital Markets

The capital market is an activity related to the public offering of securities trading funds, public companies related to issued securities, as well as institutions and professions related to securities (Sarwi, 2005).

2.1.2 Types of Capital Market

According to Sunariyah (2002, p. 11) the capital market can be categorized into 4 markets, namely:

1. Primary Market;
2. Secondary Market;
3. Third Market;
4. Fourth Market

2.1.3 Capital Market Instruments

The instruments in the capital market are:

1. Stock
2. Bonds.
3. Mutual funds.
4. Derivative Instruments (Option and Future).

2.1.4 The Role of the Capital Market

Sunariyah (2002), The role of the capital market in a country can be seen from five aspects, including:

1. As an interaction facility between the seller and the buyer to determine the price.
2. Provide an opportunity for investors to obtain the expected return.

2.2 Definition of Mutual Fund

According to Bapepam (1997) states that: "Mutual funds (mutual funds) is a forum used to collect funds from the public investors for further investment into securities portfolios by investment managers. In other words, mutual funds are a collective investment platform to be placed in a portfolio based on the investment policy set by the investment manager".

Mutual funds are managed by 2 parties, namely the investment manager and the Custodian Bank. The investment manager is responsible for investment activities, which include analysis and type of investment, making investment decisions, monitoring the investment market, and taking necessary actions for the benefit of investors. Meanwhile, the Custodian Bank acts as a safe keeper and mutual fund administrator. The funds collected by so many investors through mutual funds are not part of the wealth of the investment manager and the Custodian Bank, so they are not included in the balance sheet of either the investment manager or the Custodian Bank. Funds and assets (securities) owned by mutual funds are the property of investors and are kept under the name of the mutual fund at the Custodian Bank.

2.3 Islamic Mutual Funds

Sharia mutual funds are the Islamization of conventional mutual funds. Sharia Mutual Fund is a forum used to collect funds from the investor community as the owner of the funds (*shabul maal*) for further investment in the Securities Portfolio by the Manager.

Investment as a representative of *shahibul maal* according to the provisions and principles of Islamic sharia. Guidance for the Muslim community to invest in this product has been given through the DSN-MUI fatwa No. 20 of 2000 concerning Guidelines for Investment Implementation for Sharia Mutual Funds. Unfortunately, sharia investment products, which are more profitable than sharia banking savings or deposit products, have not been socialized.

Fund owners (investors) who want halal investment will entrust their funds with *wakalah* contract to the Investment Manager. Sharia Mutual Funds will act in the *mudharabah* contract as *Mudarib* that manages the jointly owned funds of the investors. As proof of participation, investors will receive Participation Units from Sharia Mutual Funds. The collection of Sharia Mutual Funds will be placed back into the activities of the Issuer (other company) through the purchase of Sharia Securities. In this case, Sharia Mutual Funds act as *Mudharib*, and Issuers act as *Mudharib*. Therefore, this kind of relationship can be called a Multilevel *Mudharabah* bond.

The difference between sharia mutual funds and conventional mutual funds is that sharia mutual funds have investment policies based on investment instruments in portfolios that are categorized as halal. It is said to be halal if the company issuing the investment instrument does not conduct business that is contrary to Islamic principles. Do not do usury or interest money. Stocks, bonds, and other securities issued by non-companies whose business is related to the production or sale of liquor, products containing pork, immoral entertainment business, gambling, pornography, and so on. In addition, the management of mutual funds does not allow the use of investment strategies that lead to speculation. Furthermore, the investment profits are shared among investors and investment managers according to the proportion of capital owned. This investment product can be a good alternative to replace banking products which are currently perceived to provide relatively small returns.

2.4 Measuring Mutual Fund Performance

The techniques for evaluating the performance of the mutual fund portfolio are:

1. Islamic and Conventional Mutual Fund Return Rates

$$Ri = \frac{NAVt - NAVt - 1}{NAVt - 1}$$

2. Islamic and Conventional Mutual Fund Risk Level

$$\sigma = \sqrt{\sigma^2} = \sqrt{\frac{\sum (Ri - Ri)^2}{n - i}}$$

3. Performance of Islamic and Conventional Mutual Funds

   a. *Jensen Index* (Ji) atau *Jensen's Alpha* (*Alpha*)

$$R_{pt} - R_{ft} = \alpha_p + \beta_p (R_{mt} - R_{ft}) + \mu_1$$

   b. *Sharpe Index* (Si)

$$Si = \frac{(Rpt - Rft)}{\sigma it}$$

   c. *Treynor Index* (Ti)

$$Ti = \frac{(Rpt - Rft)}{\beta it}$$

   d. *The Modigliani and Modigliani Index* (MM)

$$MM = (Si - Sm)\, \sigma_m$$

   e. *The Treynor and Treynor Index* (TT)

$$TT = ti - (Rm - Rf)$$

4. Measurement model of Security Selection Ability and Market Timing Ability

$$R_{pt} - R_{ft} = \alpha_p + \beta_p (R_{mt} - R_{ft}) + \gamma_p (R_{mt} - R_{ft})^2 + \mu_1$$

2.5 Conceptual Framework

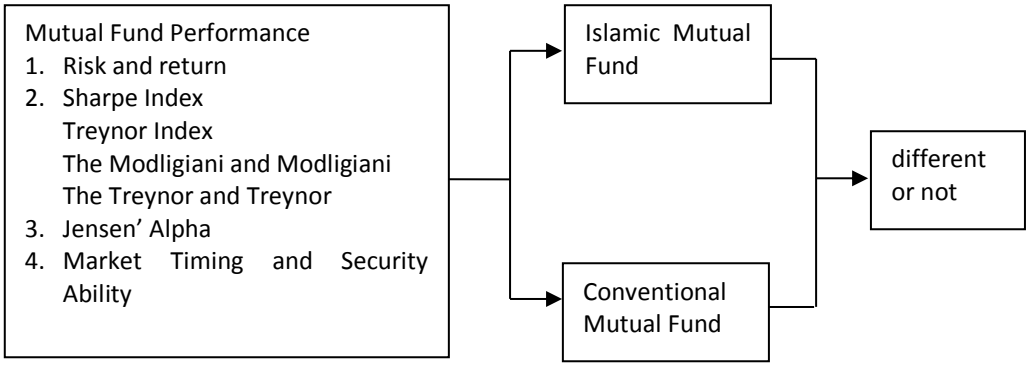

Figure 1 Conceptual Framework

2.6 Hypothesis

H_1: There is a difference in performance (viewed from the return and risk) of Islamic mutual funds with conventional mutual funds.

H_2: There is a difference in performance (as seen from the Sharpe index, Treynor, The Modligiani and Modligiani Index, and The Treynor and Treynor Index) Islamic mutual funds with conventional mutual funds.

H_3: There is a difference in performance (as seen from Jensen's Alpha) Islamic mutual funds with conventional mutual funds.

H_4: There is a difference in performance (as seen from Market Timing and Security Selection Ability) of sharia mutual fund portfolio managers with conventional mutual funds.

3. Research Methodology

3.1 Population and Sample

The population of this study is all companies listed on the Indonesia Stock Exchange that issued Islamic bonds from 2005 to 2008.

The sample is part of the number of characteristics possessed by the population (Sugiyono, 2000). In this study, the sampling technique used purposive sampling method (targeted sampling), namely by using the following criteria:

a. Mutual funds are mixed mutual funds in banking for the period January 1, 2016, to December 31, 2018.
b. The mixed mutual fund that will be studied is declared to be actively operating from January 1, 2016, to December 31, 2018.
c. The net asset value is reported and published in the Bisnis Indonesia mass media for the period December 31, 2015, to December 31, 2018.

3.2 Variable Operational Definition

In this study there are four variables that need to be measured, these variables include:

3.2.1 Islamic and Conventional Mutual Fund Return Rates

$$Ri = \frac{NABt - NABt - 1}{NABt - 1}$$

3.2.2 Islamic and Conventional Mutual Fund Risk Level

$$\sigma = \sqrt{\sigma^2} = \sqrt{\frac{\sum (Ri - Ri)^2}{n - i}}$$

3.2.3 Performance of Islamic and Conventional Mutual Funds

a. *Jensen Index* (Ji) atau *Jensen's Alpha* (*Alpha*)

$$R_{pt} - R_{ft} = \alpha_p + \beta_p (R_{mt} - R_{ft}) + \mu_1$$

b. *Sharpe Index* (Si)

$$Si = \frac{(Rpt - Rft)}{\sigma it}$$

c. *Treynor Index* (Ti)

$$Ti = \frac{(Rpt - Rft)}{\beta it}$$

d. *The Modigliani and Modigliani Index* (MM)

$$MM = (Si - Sm)\, \sigma_m$$

e. *The Treynor and Treynor Index* (TT)

$$TT = ti - (Rm - Rf)$$

3.2.4 Measurement model of Security Selection Ability and Market Timing Ability

$$R_{pt} - R_{ft} = \alpha_p + \beta_p (R_{mt} - R_{ft}) + \gamma_p (R_{mt} - R_{ft})^2 + \mu_1$$

3.3 Sources and Methods of Data Collection

The source of data used in this research is secondary data, and the method of data collection is documentation, which is a data collection technique.

3.4 Data analysis method

3.4.1 Normality test

The normality test is used to test the normality of data originating from a normal distribution, one of which is the Kolmogorov-Smirnov Test.

3.4.2 Different Test

If the data is normally distributed, then the parametric difference test is used, namely the independent-sample t-test. The steps in the independent-sample t-test are:

1. H0: $\mu_1 = \mu_2$: There is no difference in the performance of Islamic mutual funds with conventional mutual funds (return and risk, Jensen index, Sharpe index, Treynor index, The Modligiani and Modligiani index, and The Treynor and Treynor index, as well as Security Ability and Market Timing).

   H1: $\mu_1 \neq \mu_2$: There are differences in the performance of Islamic mutual funds with conventional mutual funds (return and risk, Jensen index, Sharpe index, Treynor index, The Modligiani and Modligiani index, and The Treynor and Treynor index, as well as Security Ability and Market Timing).

2. The level of significance is $\alpha = 5\%$.

3. The formula used to determine the value of different t (Santoso, 2001) is:

$$t = \frac{(X_1 - X_2) - (\mu_1 - \mu_2)}{\sqrt{\frac{S_1^2}{n_1} + \frac{S_2^2}{n_2}}}$$

4. The decision of the test results are:

   a. If the significance of t > 0.05 means that H_1 is rejected and H_0 is accepted, it means that there is no difference in the performance of Islamic mutual funds with conventional mutual funds (return and risk, Jensen index, Sharpe index, Treynor index, The Modligiani and Modligiani index, and The Treynor index and Treynor, and Security Ability and Market Timing).

   b. If the significance of t < 0.05 means that H_1 is accepted and H_0 is rejected, in other words, there are differences in the performance of Islamic mutual funds with conventional mutual funds (return and risk, Jensen index, Sharpe index, Treynor index, The Modligiani and Modligiani index, and The Modligiani index. Treynor and Treynor, and Security Ability and Market Timing).

If the data is not normally distributed, then a non-parametric difference test is used, namely the Mann-Whitney U test. The steps in the Mann-Whitney U test are:

1) H_0: $U \geq U\alpha(n_1)(n_2)$: There is no difference in the performance of Islamic mutual funds with conventional mutual funds (return and risk, Jensen index, Sharpe index, Treynor index, The Modligiani and Modligiani index, and The Treynor and Treynor index, as well as Security Ability and Market Timing).

2) H_1: $U \leq U\alpha(n_1)(n_2)$: There are differences in the performance of Islamic mutual funds with conventional mutual funds (return and risk, Jensen index, Sharpe index, Treynor index, The Modligiani and Modligiani index, and The Treynor and Treynor index, as well as Security Ability and Market Timing).

3) The level of significance is $\alpha = 5\%$.

4) The formula used to determine the different t values (Santoso, 2001) is:

$$U_1 = n_1 n_2 + \frac{n_1(n_1+n_2)}{2} - R_1$$

$$U_2 = n_1 n_2 + \frac{n_2(n_2+n_2)}{2} - R_2$$

5) The decision of the test results are:

   a. If the significance of U > 0.05 means that H1 is rejected, H0 is accepted, it means that there is no difference in the performance of Islamic mutual funds with conventional mutual funds;

   b. If the significance of U < 0.05 means that H1 is accepted, H0 is rejected, in other words, there is a difference in the performance of Islamic mutual funds with conventional mutual funds.

4. Results and Discussion

4.1 Research result

4.1.1 Sample Overview

Companies that are used as research samples are:

Table 1 Data Selection Process

Information	Total
Number of samples of mixed mutual funds in banking 1 January 2016, to 31 December 2018	56
Mixed mutual funds that are not actively traded during the period January 1, 2016, to December 31, 2018	(15)

Unreported Net Asset Value (NAV) as of January 1, 2016, to December 31, 2018	(7)
Total until the end: Consists of 16 Islamic mutual funds and 18 conventional mutual funds	34

Table 2 Mutual Fund Sample

No.	Reksadana Konvensional	Reksadana Syariah
1	AAA Balanced Fund	AAA Amanah Syariah Fund
2	Anam Pendapatan Kombinasi	BNI Dana Plus Syariah
3	Bahana Kombinasi Arjuna	Capital Syariah Fleksi
4	Brent Dana Fleksi	Reksadana Mega Dana Syariah
5	Capital Fleksi	Reksadana PNM Syariah
6	Danamas Fleksi	Mandiri Investa Syariah Berimbang
7	Jisawi Flexi	CIMB Prinsipal Islamic Balanced Growth Syariah
8	Jisawi Mix	Cipta Syariah Balance
9	Lautandhana Balanced Fund	Danareksa Syariah Berimbang
10	Makinta Fleksi	Euro Peregrine Syariah Balanced Plus
11	Mega Dana Kombinasi	Batara Syariah
12	Portofolio Optimal	IPB Syariah
13	Prospera Balanced	AAA Syariah Fund
14	Reksadana PG Synergy	RD Kausar Balanced Growth Syariah
15	Sam Dana Berkembang	RD Syariah Batara Kombinasi
16	Simas Satu	Trim Syariah Berimbang
17	Star Balanced	AAA Amanah Syariah Fund
18	X-tra dana Dinamis	

Sources: Processed data

4.1.2 Description of Research Variables

The data used to calculate mutual fund performance are the Jakarta Islamic Index (JII), LQ-45 Index, Bank Indonesia Certificate Interest Rate (SBI), and stock returns and net asset value (NAV) of each mutual fund from 2016 to 2018.

4.1.3 Descriptive Statistics

The descriptive statistics of each of the variables studied are presented in the following table:

Table 3 Descriptive Statistics of Islamic Mutual Fund Performance

Descriptive Statistics

	N	Range	Minimum	Maximum	Mean	Std. Deviation
return	48	.148	-.071	.076	.014	.029
risiko	48	.025	.000	.025	.005	.005
Ji	48	.133	-.049	.084	.007	.029
Si	48	1.626	-.769	.857	.126	.475
Ti	48	10.911	-2.114	8.797	.115	1.367
MM	48	21.182	-14.118	7.063	-.162	4.682
TT	48	10.911	-2.049	8.862	.118	1.373
MTA	48	15.826	-9.816	6.010	.544	2.855
Valid N (listwise)	48					

Sources: Processed data

Table 4 Descriptive Statistics of Conventional Mutual Fund Performance

Descriptive Statistics

	N	Range	Minimum	Maximum	Mean	Std. Deviation
return	54	.108	-.064	.044	.005	.031
risiko	54	.042	.000	.042	.005	.007
Ji	54	.108	-.070	.038	-.007	.028
Si	54	6.262	-1.199	5.063	.171	.844
Ti	54	8.983	-5.835	3.148	-.084	1.023
MM	54	78.713	-6.536	72.177	2.176	10.167
TT	54	9.028	-5.866	3.163	-.087	1.026
MTA	54	76.076	-28.412	47.664	2.381	9.862
Valid N (listwise)	54					

Sources: Processed data

4.2 Hypothesis testing

4.2.1 H_1 Testing

Table 5 H_1 Test Results

	Mutual Fund	Mean Rank	Mann-Whitney U	Asymp. Sig. (2-tailed)
Return	Islamic Conventional	55.19 48.22	1119.000	0.235
Risk	Islamic Conventional	54.40 48.93	1157.000	0.351

Sources: Processed data

Based on the results of the Mann-Whitney U Test in Table 5 above, it can be seen in the mutual fund return variable that U is 1119,000 with a significance level of 0.235 > 0.05, then H_1 is rejected and H_0 is accepted, meaning that there is no significant difference between Islamic mutual fund returns and conventional mutual funds or there is a similarity between the returns of Islamic mutual funds and the returns of conventional mutual funds.

In the mutual fund risk variable, U is 1157,000 with a significance level of 0.351 > 0.05, then H_1 is rejected and H_0 is accepted, meaning that there is no significant difference between the risk of Islamic mutual funds and conventional mutual funds or there is a similarity between the returns of Islamic mutual funds and the returns of conventional mutual funds.

Therefore, it can be concluded that this condition can be caused by the two types of mutual funds having relatively the same net asset value (NAV) so that the changes are not much different. The results of this study are inconsistent with the results of research by Achsien (2003), Dennis, et al. (2004), Rachmayanti (2006), and Cahyaningsih (2008), that the returns and risks of Islamic mutual funds are below the returns and risks of conventional mutual funds.

4.2.2 H_2 Testing

Table 6 H_2 Test Results

Index	Mutual Fund	Mean Rank	U	Asymp. Sig. (2 tailed)
Sharpe	Islamic Conventional	51.58 51.43	1292.000	0.979
Treynor	Islamic Conventional	48.05 54.56	1130.500	0.267
MM	Islamic Conventional	48.49 54.19	1151.000	0.331
MM	Islamic Conventional	48.15 54.48	1135.000	0280

Sources: Processed data

Based on the results of the Mann-Whitney U Test in Table 6 above, it can be seen that based on the Sharpe index (Si) mutual fund performance obtained U of 1292,000 with a significance level of 0.979 > 0.05 then H_2 is rejected and H0 is accepted, meaning that there is no significant difference between the performance of sharia mutual funds and conventional mutual funds based on the Sharpe index or there are similarities between sharia mutual funds and conventional mutual funds based on the Sharpe index.

Based on the Treynor index (Ti), the performance of mutual funds obtained is U of 1130.500 with a significance level of 0.267 > 0.05, then H_2 is rejected and H_0 is accepted, meaning that there is no significant difference between the performance of Islamic mutual funds and conventional mutual funds based on the Treynor index or there are similarities between mutual funds. Islamic mutual funds with conventional mutual funds based on the Treynor index.

Based on the Modigliani and Modigliani (MM) index, the performance of mutual funds obtained is U of 1151,000 with a significance level of 0.331 > 0.05, then H_2 is rejected and H_0 is accepted, meaning that there is no significant difference between the performance of Islamic mutual funds and 112 conventional mutual funds based on the Modigliani and Modigliani index or there are similarities between Islamic mutual funds and conventional mutual funds based on the Modigliani and Modigliani index.

Based on the Treynor and Treynor (TT) index, the performance of mutual funds obtained is U of 1135,000 with a significance level of 0.280 > 0.05, then H_2 is rejected and H_0 is accepted, meaning that there is no significant difference between the performance of Islamic mutual funds and

conventional mutual funds based on the Treynor and Treynor index or there are similarities between Islamic mutual funds and conventional mutual funds based on the Treynor and Treynor index.

It is concluded that based on the results of the difference test between the four performance indices of Islamic mutual funds and conventional mutual funds, it shows that H_2 is rejected so that there is no significant difference between the performance (as seen from the Sharpe, Treynor, The Modigliani and Modligiani Index, and The Treynor and Treynor Index) sharia mutual funds. with conventional mutual funds. This condition can be caused by differences in risk measurements, where the Sharpe index uses a risk premium (standard deviation) so that there is the persistence of results with the Modigliani and Modligiani indices. Meanwhile, the Treynor index uses systematic risk or market risk (beta) which also has an impact on yield persistence with the Treynor and Treynor indices. The results of this study are inconsistent with the results of research by Achsien (2003), Dennis, et al. (2004), Rachmayanti (2006), and Cahyaningsih (2008).

4.2.3 H_3 Testing

Table 7 H_3 Test Results

	Mutual Fund	Mean Rank	Mann-Whitney U	Asymp. Sig. (2-tailed)
Jensen Index	Islamic Conventional	56.15 47.37	1073.000	0.135

Sources: Processed data

Based on the results of the Mann-Whitney U Test in Table 7, it can be seen that based on the Jensen index (Ji) mutual fund performance obtained U of 1073,000 with a significance level of 0.135> 0.05 then H_3 is rejected and H_0 is accepted, meaning that there is no significant difference between the performance of sharia mutual funds and conventional mutual funds based on the Jensen index or there are similarities between sharia mutual funds and conventional mutual funds based on the Jensen index.

It is concluded that the results of this study are inconsistent with the results of research by Achsien (2003), Dennis, et al. (2004), Rachmayanti (2006), and Cahyaningsih (2008) that based on Jensen's model the performance of conventional mutual funds is better than the performance of Islamic mutual funds. The results of the difference test between the performance of Islamic mutual funds and conventional mutual funds with the Jensen model show that H3 is rejected so that there is no significant difference between the performance (as seen from Jensen's Alpha) of Islamic mutual funds and conventional mutual funds. This condition can be caused by the performance of conventional mutual funds using the LQ-45 index which is a combination of 45 leading issuers whose securities are most actively responded to by the market, while the performance of Islamic mutual funds uses the JII index which is a combination of Islamic issuers where the market response to securities is not as active as LQ-issuers. 45. The results of this study are inconsistent with the results of research by Achsien (2003), Dennis, et al. (2004), Rachmayanti (2006), and Cahyaningsih (2008).

4.2.4 H_4 Testing

Table 8 H_4 Test Results

	Mutual Fund	Mean Rank	Mann-Whitney U	Asymp. Sig. (2-tailed)
Security Selection and Market Timing Ability (MTA)	Islamic Conventional	53.11 50.06	1218.500	0.603

Sources: Processed data

Based on the results of the Mann-Whitney U Test in Table 8 above, it can be seen that based on the Security Selection and Market Timing Ability (MTA) the portfolio manager's performance was obtained U of 1218,500 with a significance level of 0.603 > 0.05 then H_4 was rejected and H_0 was accepted, meaning that there is no significant difference between the performance of sharia mutual fund portfolio managers and conventional mutual funds based on Security Selection and Market Timing Ability or there are similarities between sharia mutual funds and conventional mutual funds based on Security Selection and Market Timing Ability.

It is concluded that the results of the different test between the performance of sharia mutual fund portfolio managers and conventional mutual funds using the Jensen model show that H4 is rejected so that there is no significant difference between the performance (as seen from the Security Selection and Market Timing Ability) of sharia mutual fund portfolio managers and conventional mutual funds. This condition can be caused by the similarity of knowledge, experience, and ability between sharia mutual fund portfolio managers and conventional mutual funds. The results of this study are inconsistent with the results of research by Achsien (2003), Dennis, et al. (2004), Rachmayanti (2006), and Cahyaningsih (2008).

Overall there is no significant difference or there is a similarity in performance between Islamic mutual funds and conventional mutual funds theoretically, this is due to mutual fund performance rather than market performance being equally good because there is no different ability of mutual fund portfolio managers in choosing profitable securities Jensen, 1968). A good investment manager will certainly provide more complete and transparent information to assist investors in making investment decisions. Investors should understand the mutual fund prospectus and the characteristics of the mutual fund to be purchased. Investors also need to compare the completeness and clarity of the information provided by the investment manager by looking at several mutual fund prospectuses first.

5. Conclusions and Recommendations

The average return and risk of conventional mutual funds are greater than that of Islamic mutual funds. The results of the difference test between return and risk of Islamic mutual funds and conventional mutual funds show that there is no significant difference between return and risk of Islamic mutual funds and conventional mutual funds. This condition can be caused by the two types of mutual funds having relatively the same net asset value (NAV) so that the changes are not much different. The results of this study are inconsistent and do not support the results of research by Achsien (2003), Dennis, et al. (2004), Rachmayanti (2006), and Cahyaningsih (2008)

that the returns and risks of Islamic mutual funds are below the returns and risks of conventional mutual funds.

Based on the Sharpe index and the Modigliani and Modigliani index, the average performance of conventional mutual funds is lower than Islamic mutual funds. The results of this study are consistent and support the results of Cahyaningsih's (2008) research. On the other hand, based on the Treynor index and the Treynor and Treynor index, the average performance of conventional mutual funds is higher than Islamic mutual funds. The results of the difference test between the four performance indices of Islamic mutual funds and conventional mutual funds show that there is no significant difference between the performance (as seen from the Sharpe, Treynor, The Modigliani and Modligiani Index, and The Treynor and Treynor Index) performance of Islamic mutual funds and conventional mutual funds. This condition can be caused by differences in risk measurements, where the Sharpe index uses a risk premium (standard deviation) so that there is the persistence of results with the Modigliani and Modligiani indices. Meanwhile, the Treynor index uses systematic risk or market risk (beta) which also has an impact on yield persistence with the Treynor and Treynor indices. The results of this study are inconsistent and do not support the results of research by Achsien (2003), Dennis, et al. (2004), Rachmayanti (2006), and Cahyaningsih (2008).

Based on the Jensen index, the average performance of conventional mutual funds is higher than Islamic mutual funds. The results of this study are consistent and support the results of research by Cahyaningsih (2008) that based on the Jensen model the performance of conventional mutual funds is better than the performance of Islamic mutual funds. The results of the difference test between the performance of Islamic mutual funds and conventional mutual funds using the Jensen model show that there is no significant difference between the performance of Islamic mutual funds and 22 conventional mutual funds. This condition can be caused by the performance of conventional mutual funds using the LQ-45 index which is a combination of 45 leading issuers whose securities are most actively responded to by the market, while the performance of Islamic mutual funds uses the JII index which is a combination of Islamic issuers where the market response to securities is not as active as LQ issuers. -45. The results of this study are inconsistent and do not support the results of research by Achsien (2003), Dennis, et al. (2004), Rachmayanti (2006), and Cahyaningsih (2008).

Based on the Jensen index, the average performance of conventional mutual funds is higher than Islamic mutual funds. The results of this study are consistent and support the results of research by Cahyaningsih (2008) that based on the Jensen model the performance of conventional mutual funds is better than the performance of Islamic mutual funds. The results of the difference test between the performance of Islamic mutual funds and conventional mutual funds using the Jensen model show that there is no significant difference between the performance of Islamic mutual funds and 22 conventional mutual funds. This condition can be caused by the performance of conventional mutual funds using the LQ-45 index which is a combination of 45 leading issuers whose securities are most actively responded to by the market, while the performance of Islamic mutual funds uses the JII index which is a combination of Islamic issuers where the market response to securities is not as active as LQ issuers. -45. The results of this study are inconsistent and do not support the results of research by Achsien (2003), Dennis, et al. (2004), Rachmayanti (2006), and Cahyaningsih (2008).

Based on Security Selection and Market Timing Ability, the average performance of sharia mutual fund portfolio managers is higher than that of sharia mutual fund portfolio managers.

The results of the difference test between the performance of sharia mutual fund portfolio managers and conventional mutual funds show that there is no significant difference between the performance of sharia mutual fund portfolio managers and conventional mutual funds. This condition can be caused by the similarity of knowledge, experience, and ability between sharia mutual fund portfolio managers and conventional mutual funds. The results of this study are inconsistent with the results of research by Achsien (2003), Dennis, et al. (2004), Rachmayanti (2006), and Cahyaningsih (2008).

Some limitations of this study. First, Investment Managers pay less attention to market fluctuations or conditions that occur other than focusing on mutual funds. Second, the variables in this study are only limited to differences in mutual fund performance and the performance of mutual fund portfolio managers based on the type of mutual fund, namely sharia mutual funds, and conventional mutual funds. Third, this study faces the problem of limited data in the time that the research used is also too narrow, which is only three years. And fourth, sampling is based on limited purposive sampling and a limited number of samples so that this study cannot be used as a basis for generalization.

Investment managers of Islamic and conventional mutual funds are advised not only to focus on improving the performance of mutual funds but also to pay attention to the reputation of the company because the increase and decrease in the net asset value (NAV) of mutual funds can also be affected by the reputation of the issuer that issued the mutual fund. This means that although the performance of a mutual fund (both sharia and conventional) shows improvement if the issuer's reputation is bad, the performance of the mutual fund is not immediately trusted by investors.

Because the variables in this study are only limited to differences in mutual fund performance and the performance of mutual fund portfolio managers based on the type of mutual funds, namely sharia mutual funds, and conventional mutual funds, it is suggested for further research to develop it on the differences in the performance of mutual funds in government banks and those in private banks.

The year of observation in this study is limited to three (3) financial reporting periods, namely 2016 - 2018, so it is recommended in subsequent research to add the year of observation or period of financial reporting for each mutual fund.

Further researchers are expected to expand the sample to other types of mutual funds, such as equity, fixed income, and protected mutual funds.

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